

HOUSE No. 2475

By Mr. Kennedy of Brockton, petition of Thomas P. Kennedy and John W. Scibak for legislation to provide certain tax incentives for the purchase and use of alternative fuel vehicles. Revenue.

The Commonwealth of Massachusetts

In the Year Two Thousand and Five.

AN ACT PROVIDING INCENTIVES FOR THE PURCHASE AND USE OF ALTERNATIVE FUEL VEHICLES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 22A of chapter 40 of the General Laws is
2 hereby amended by adding the following paragraph:—
3 Any city or town acting under this section with respect to ways
4 under its control, or under the authority granted under chapter
5 forty A with respect to zoning, may further regulate the parking of
6 vehicles by restricting certain areas or requiring that certain areas
7 be restricted for the parking of any vehicle bearing a distinctive
8 plate, decal, or emblem identifying such vehicle as a reduced
9 emissions vehicle, as defined by section one of chapter ninety.
10 Any such ordinance, bylaw, order, rule, or regulation promulgated
11 pursuant to the provisions of this paragraph shall contain a penalty
12 of not less than fifteen dollars or not more than fifty dollars and
13 may provide for the removal of a vehicle in accordance with the
14 provisions of section twenty-two D.

1 SECTION 2. Section 6 of chapter 62 of the General Laws is
2 hereby amended by adding the following subsection:—
3 (h)(1) A credit shall be allowed against the tax imposed by this
4 chapter in an amount equal to fifty percent of the incremental cost
5 of purchasing an alternative fuel vehicle and fifty percent of the
6 cost of converting a petroleum fueled motor vehicle to an alterna-
7 tive fuel vehicle.

8 For an originally equipped alternative fuel vehicle, the credit
9 allowed shall be claimed in the first taxable year in which the
10 vehicle is registered.

11 For a motor vehicle which has been converted to an alternative
12 fuel vehicle, the credit allowed shall be claimed in the first taxable
13 year in which such conversion occurs. Conversion costs eligible
14 for such credit shall include the cost of purchasing conversion
15 equipment necessary to convert a motor vehicle to an alternative
16 fuel vehicle and the labor costs associated with installing such
17 conversion equipment.

18 A credit also shall be allowed against the tax imposed by this
19 chapter in an amount equal to fifty percent of the cost of con-
20 structing any facility in Massachusetts, available to the public, for
21 fueling alternative fuel vehicles. Such facility shall be available to
22 the public if feasible. Facility costs eligible for a credit under this
23 paragraph include the cost of purchasing fueling equipment,
24 charging equipment and other materials necessary for the facility
25 to fuel alternative fuel vehicles and the labor costs associated with
26 constructing the facility and installing such equipment. This credit
27 shall be claimed in the first taxable year in which the facility
28 becomes operational.

29 As used in this subsection, the following words and phrases
30 shall have the following meanings:—

31 “Alternative fuel”, methanol, denatured ethanol, and other alco-
32 hols; mixtures containing 85 percent or more by volume of
33 methanol, denatured ethanol, and other alcohols with gasoline or
34 other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-
35 derived liquid fuels; fuels (other than alcohol) derived from bio-
36 logical materials; electricity (including electricity from solar
37 energy); and any other fuel that the department of environmental
38 protection determines is substantially not petroleum.

39 “Alternative fuel vehicle”, a motor vehicle, as defined at
40 Massachusetts General Laws chapter ninety, section one, which:
41 (1) operates exclusively on an alternative fuel; (2) meets applic-
42 able state and federal safety and emission standards; and (3) is
43 registered in Massachusetts on the last day of the taxable year in
44 which the credit pursuant to this subsection is claimed. In addi-
45 tion, for an alternative fuel vehicle less than 6,000 pounds gross
46 vehicle weight rating, the alternative fuel vehicle shall meet ultra-

47 low emission vehicle standards for total vehicle emissions. And
48 for an alternative fuel vehicle equal to or greater than 6,000 gross
49 vehicle weight rating, the alternative fuel vehicle shall meet fed-
50 eral emission standards for a new comparable vehicle.

51 “Comparable conventionally-fueled motor vehicle” or “compa-
52 rable vehicle”, a motor vehicle which is (1) commercially avail-
53 able at the time the comparability of the vehicle is being assessed;
54 (2) powered by an internal combustion engine that uses petroleum
55 as its fuel source; and (3) provides passenger capacity or payload
56 capacity the same or similar to the alternative fuel vehicle to
57 which it is being compared.

58 “Facility”, any structure, equipment, apparatus, wires or piping
59 used with dispensing or charging equipment necessary to dispense
60 an alternative fuel.

61 “Incremental cost”, the difference between the manufacturer’s
62 suggested retail price of an alternative fuel vehicle and of a com-
63 parable conventionally-fueled motor vehicle.

64 (2) Credits allowed under this subsection shall be taken only for
65 alternative fuel vehicles purchased in excess of state and federal
66 requirements.

67 (3) The allowable credits under this subsection shall not exceed
68 the total tax liability under this chapter before any other credits
69 are taken into account.

70 (4) In any year in which the credit described in this subsection
71 exceeds the total tax liability under this chapter before any other
72 credits are taken into account, the unused credit may be carried
73 forward and used against the tax liability for one or more of the
74 succeeding five tax periods.

75 (5) The credit allowed herein shall apply to taxes due for tax-
76 able periods beginning on or after January 1, 1996 and ending on
77 or before December 31, 2002. Such credits, except for unused
78 amounts of credits carried forward pursuant to subpart (4), shall
79 not apply after taxable periods beginning on or after January 1,
80 2003.

81 (6) The commissioner of the department of revenue, in consul-
82 tation with the commissioners of the department of environmental
83 protection and the division of energy resources, shall promulgate
84 rules and regulations necessary to implement the provisions of
85 this subsection.

1 SECTION 3. Chapter 63 of the General Laws is hereby
2 amended by adding the following section:—

3 Section 38P. (1) A credit shall be allowed against the tax
4 imposed by this chapter in an amount equal to fifty percent of the
5 incremental cost of purchasing an alternative fuel vehicle and fifty
6 percent of the cost of converting a petroleum fueled motor vehicle
7 to an alternative fuel vehicle.

8 For an originally equipped alternative fuel vehicle, the credit
9 allowed shall be claimed in the first taxable year in which the
10 vehicle is registered.

11 For a motor vehicle which has been converted to an alternative
12 fuel vehicle, the credit allowed shall be claimed in the first taxable
13 year in which such conversion occurs. Conversion costs eligible
14 for such credit shall include the cost of purchasing conversion
15 equipment necessary to convert a motor vehicle to an alternative
16 fuel vehicle and the labor costs associated with installing such
17 conversion equipment.

18 A credit also shall be allowed against the tax imposed by this
19 chapter in an amount equal to fifty percent of the cost of con-
20 structing any facility in Massachusetts, available to the public, for
21 fueling alternative fuel vehicles. Such facility shall be available to
22 the public if feasible. Facility costs eligible for a credit under this
23 paragraph include the cost of purchasing fueling equipment,
24 charging equipment and other materials necessary for the facility
25 to fuel alternative fuel vehicles and the labor costs associated with
26 constructing the facility and installing such equipment. This credit
27 shall be claimed in the first taxable year in which the facility
28 becomes operational.

29 As used in this section, the following words and phrases shall
30 have the following meanings:—

31 “Alternative fuel”, methanol, denatured ethanol, and other alco-
32 hols; mixtures containing 85 percent or more by volume of
33 methanol, denatured ethanol, and other alcohols with gasoline or
34 other fuels; natural gas; liquefied petroleum gas; hydrogen; coal-
35 derived liquid fuels; fuels (other than alcohol) derived from bio-
36 logical materials; electricity (including electricity from solar
37 energy); and any other fuel that the department of environmental
38 protection determines is substantially not petroleum.

39 “Alternative fuel vehicle”, a motor vehicle, as defined at
40 Massachusetts General Laws chapter ninety, section one, which:
41 (1) operates exclusively on an alternative fuel; (2) meets applic-
42 able state and federal safety and emission standards; and (3) is
43 registered in Massachusetts on the last day of the taxable year in
44 which the credit pursuant to this section is claimed. In addition,
45 for an alternative fuel vehicle less than 6,000 pounds gross vehicle
46 weight rating, the alternative fuel vehicle shall meet ultra-low
47 emission vehicle standards for total vehicle emissions. And for an
48 alternative fuel vehicle equal to or greater than 6,000 gross
49 vehicle weight rating, the alternative fuel vehicle shall meet fed-
50 eral emission standards for a new comparable vehicle.

51 “Comparable conventionally-fueled motor vehicle” or “compa-
52 rable vehicle”, a motor vehicle which is (1) commercially avail-
53 able at the time the comparability of the vehicle is being assessed;
54 (2) powered by an internal combustion engine that uses petroleum
55 as its fuel source; and (3) provides passenger capacity or payload
56 capacity the same or similar to the alternative fuel vehicle to
57 which it is being compared.

58 “Facility”, any structure, equipment, apparatus, wires or piping
59 used with dispensing or charging equipment necessary to dispense
60 an alternative fuel.

61 “Incremental cost”, the difference between the manufacturer’s
62 suggested retail price of an alternative fuel vehicle and of a com-
63 parable conventionally-fueled motor vehicle.

64 (2) Credits allowed under this section shall be taken only for
65 alternative fuel vehicles purchased in excess of state and federal
66 requirements.

67 (3) The allowable credits under this section shall not exceed the
68 total tax liability under this chapter before any other credits are
69 taken into account.

70 (4) In any year in which the credit described in this section
71 exceeds the total tax liability under this chapter before any other
72 credits are taken into account, the unused credit may be carried
73 forward and used against the tax liability for one or more of the
74 succeeding five tax periods.

75 (5) The credit allowed herein shall apply to taxes due for tax-
76 able periods beginning on or after January 1, 1996 and ending on
77 or before December 31, 2002. Such credits, except for unused

78 amounts of credits carried forward pursuant to subpart (4), shall
79 not apply after taxable periods beginning on or after January 1,
80 2003.

81 (6) If a corporation is subject to a minimum excise under any
82 provision of this chapter, the amount of the credit allowed by this
83 section shall not reduce the excise to an amount less than the min-
84 imum excise;

85 (7) The credit allowed under this section shall be subject to the
86 provisions of section thirty-two C of this chapter.

87 (8) Any corporation entitled to a credit pursuant to this section
88 for any taxable year shall apply such credit only to its excise for
89 any of the eligible taxable years. Such credit may not be applied
90 against the excise liability of any other corporation pursuant to an
91 election under the provisions of section thirty-two B.

92 The commissioner of the department of revenue, in consultation
93 with the commissioners of the department of environmental pro-
94 tection and the division of energy resources, shall promulgate
95 rules and regulations necessary to implement the provisions of
96 this section.

1 SECTION 4. Section 4 of chapter 64E of the General Laws, as
2 appearing in the 1994 Official Edition, is hereby amended by
3 adding the following two sentences:—

4 No person shall pay an excise pursuant to this chapter, for alter-
5 native fuel, when the alternative fuel is dispensed into an alterna-
6 tive fuel vehicle; provided, however, that the exemption provided
7 in this sentence shall not apply to any such sales made after
8 December 31, 2002. The terms “alternative fuel,” and “alternative
9 fuel vehicle” shall have the meanings as set forth at section six of
10 chapter sixty-two.

1 SECTION 5. Section 3 of chapter 64F of the General Laws, as
2 appearing in the 1994 Official Edition, is hereby amended by
3 inserting after the word “sixty-four A”, in line 9, the following:—

4 ; provided, however, that no person shall pay an excise pursuant to
5 this chapter for the privilege of using the highways of the com-
6 monwealth while operating an alternative fuel vehicle; provided
7 further, that the exemption provided in this sentence shall not
8 apply to any such sales made after December 31, 2002. The term

9 “alternative fuel vehicle” shall have the meaning as set forth at
10 section six of chapter sixty-two.

1 SECTION 6. Section 6 of chapter 64H of the General Laws is
2 hereby amended by adding the following two paragraphs:—

3 (rr) sales of equipment, parts and materials used directly and
4 exclusively for converting a conventionally fueled motor vehicle
5 to an alternative fuel vehicle; and sales of any alternative fuel
6 vehicle, to the extent its manufacturer’s suggested retail price
7 exceeds the manufacturer’s suggested retail price of a comparable
8 conventionally fueled motor vehicle. The exemption provided in
9 this paragraph shall not apply to any such sales made after
10 December 31, 2002. As used in this paragraph and paragraph (ss),
11 the terms “alternative fuel,” “alternative fuel vehicle,” “comparable
12 conventionally fueled motor vehicle,” shall have the meanings
13 as set forth at section six of chapter sixty-two.

14 (ss) Sales of equipment, parts and materials used directly and
15 exclusively to dispense alternative fuel into alternative fuel vehicles.
16 The exemption provided in this paragraph shall not apply to
17 any such sales made after December 31, 2002.

1 SECTION 7. Section 1 of chapter 90 of the General Laws is
2 hereby amended by inserting after the definition of “Police
3 officer”, as appearing in the 1994 Official Edition, the following
4 definition:—

5 “Reduced Emissions Vehicle”, an ultra-low emissions vehicle
6 or a zero emissions vehicle, in each case as so defined by the
7 department of environmental protection pursuant to the provisions
8 of section one hundred and forty-two K of chapter one hundred
9 and eleven.

1 SECTION 8. Section 2 of said chapter 90, as so appearing, is
2 hereby amended by adding the following paragraph:—

3 The registrar shall furnish to owners of reduced emissions vehicles
4 upon application and upon presentation of evidence deemed
5 satisfactory by the registrar, a distinctive license plate bearing on
6 the left side the letters “REV” and an adhesive emblem bearing
7 the letters “REV” to be affixed to the vehicle identifying the

8 vehicle as a reduced emissions vehicle. There shall be no addi-
9 tional fee for said plates or adhesive emblems.

1 SECTION 9. Chapter 164 of the General Laws, as appearing in
2 the 1994 Official Edition, is hereby amended by adding, after
3 section 94, the following section:—

4 Section 94½. Notwithstanding the provisions of chapter one
5 hundred sixty-four, section ninety-four or any other special or
6 general law to the contrary, the rates and terms for the sale of
7 alternative fuels for motor vehicle use shall not be subject to regu-
8 lation by the department of public utilities; provided, however,
9 that any gas or electric company which is otherwise regulated pur-
10 suant to this chapter and sells alternative fuels for motor vehicle
11 use, shall keep separate records, books, and accounts of such
12 unregulated sales sufficient to allow the department of public util-
13 ities to allocate costs and revenues; and further provided, that such
14 gas or electric company's sale of alternative fuel for use in motor
15 vehicles and its investment in related infrastructure shall not affect
16 the quality of service or increase the cost of alternative fuel to said
17 company's customers who purchase alternative fuel for use other
18 than motor vehicle use. For the purposes of this section, "alterna-
19 tive fuel" shall have the same meaning as set forth at section six
20 of chapter sixty-two.